

Serial No. 10/809,158

PD-203061

**REMARKS**

Claims 1, 3-13 and 36 are pending in the present application. Reconsideration of the claims is respectfully requested.

**I. 35 U.S.C. § 103**

Claims 1-13 were rejected under 35 U.S.C. § 103(a) as being unpatentable over Admitted Prior Art (APA) of pages 1-3 of the instant specification in view of Limelett (6,899,276). These rejections are respectively traversed.

Claim 1 as amended specifies wrapping a Smart Card that includes an embedded electronic module configured to interface with a card reader in a polypropylene/polyethylene film. The footprint of the licensing agreement exceeds that of the package but is wrapped around the Smart Card so that breaking the package indicates acceptance of the terms and conditions of the license.

The Examiner combines the teachings of APA's in which a Smart Card is attached to a carrier and inserted into a #10 paper envelop that is printed with the licensing agreement with the teaching represented by Limelette that data-encoded cards can be wrapped in film to reject the claims. The ability to print a licensing agreement on a large paper envelop with binding legal effect in no way suggests or motivates the ability to print the same licensing agreement on a much smaller polypropylene/polyethylene film with the same binding legal effect. Additionally, it is not obvious that this can be achieved without loss of other critical functions such as protecting the Smart Card during both packaging and distribution and other desirable functions such as the ability to address the #10 envelop for direct mailing of the Smart Card to the customer. Many data-encoded cards typified by Limelette's SIM chip are relatively inexpensive one-time use modules. As such the replacement cost due to damage caused either during packaging or distribution is very low. Unlike DIRECTV, Limelette can thus afford an inexpensive film and packaging process. The DIRECTV Smart Card is considerably more expensive than the typical throw-away cards and more sensitive to handling issues. The Examiner points to the cheap mass-production of extruded film as the motivation to wrap the Smart Card in film rather than inserting the card into an envelope. This may be

Serial No. 10/809,158

PD-203061

true for the inexpensive data cards but the process for packaging the expensive Smart Card uses expensive film and a more carefully controlled process. As described in our application the primary motivation is the size reduction of the package that makes it cheaper to store and transport in high volumes (p. 5, l. 34 to p. 6, l. 5). This size reduction can only be achieved if one can with binding legal effect format and print the larger footprint of the licensing agreement onto polypropylene/polyethylene film in the form of a much smaller package. Neither APA or Limelette teach this feature.

The Examiner rejected claims 3, 4, 5 directed at the specific sizes of the card and film as matters of experimentation as to the most efficient and optimum package. If the motivation to use film is to capture the cost reduction benefits of the mass production of extrude film than the obvious solution is to form the package to fit the Smart Card and either shorten the license agreement and/or reduce font size. In these claims, the package is intentionally oversized to accommodate the license agreement. With regards to the stated motivation, this is neither the most efficient or optimum packaging.

Claim 9 teaches a method of pulling Smart Cards from a card feeder without touching the module (p. 4, l. 28-30, p. 9, l. 10-16). As mentioned above, the embedded electronic module on a Smart Card is more fragile and more valuable than a typical data encoded card, and thus more easily damaged during the packaging process. Applicant discovered that pulling the Smart Cards from the deck without touching the module reduced the failure rate, hence replacement costs.

The Examiner rejected claim 10 over APA in view of Limelette further in view of APA2. The Examiner mentions a previous reference to a "motion sensor feature". Applicant assumes this is an error and that the Examiner is referring to the use of spines in packages, which is well known. However, claim 10 is addressing a particular layout of the licensing agreement viz-a-viz the packaged formed by wrapping the film around the Smart Card. It is not well known or suggested by the cited references to wrap the film so that a header with a product identifier and an admonishment to read the printed license agreement is formed on the spine.

Serial No. 10/809,158

PD-203061

Claim 12 as amended specifies that the Smart Card is not attached to a carrier. As described in APA, the Smart Card is attached to a carrier and inserted into the #10 envelope.

Applicant's claim 13 as amended addresses passing an anti-static treated polypropylene/polyethylene film (p. 6 l. 28-29) that has been preprinted with the license agreement over an anti-static bar (p. 10, l. 5-6), wrapping the film around a Smart Card and sealing the film to form a package. The anti-static properties of the film and the method of wrapping to protect the embedded module are neither suggested by the cited art nor obvious in view of its teachings. Even though Limelette is packaging a SIM chip he never mentions the problem of static electricity or the potential solution. In fact Limelette teaches using metallic inks to hide the confidential information. Such metallic inks are the antithesis of an anti-static treatment. The replacement cost due to damage caused either during packaging or distribution of typical data encoded cards is very low. Unlike DIRECTV, Limelette can thus afford an inexpensive film and packaging process whereas DIRECTV must use anti-static material and components which are not required, mentioned, or considered in the Limelette process. The DIRECTV Smart Card is considerably more expensive than the typical throw-away cards and more sensitive to handling issues. In rejecting the previous claim 1, the Examiner stated that it would be obvious to use film to package the Smart Card to form "a cheaper and a more easily mass-produced package". Providing an anti-static treatment and passing the film over an anti-static bar increases both the cost and complexity of packaging, hence are not obvious.

New independent claim 36 is directed at a particular embodiment of the invention and combines the features of claims 1, 6, 9 and 13. This claim describes the anti-static properties of the film, the steps of wrapping the film including pulling the Card from the deck without touching the module and passing the film over an anti-static bar and the relative footprint of the license agreement to the resulting package. This unique combination of features and method steps is neither taught nor motivated by the cited art. Applicant respectfully requests that the Examiner withdraw the rejection and issue a notice of allowance.

Serial No. 10/809,158

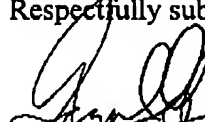
PD-203061

**II. Conclusion**

It is respectfully urged that the subject application is patentable over the cited references and is now in condition for allowance.

The Examiner is invited to call the undersigned at the below listed telephone number if, in the opinion of the Examiner, such a telephone conference would expedite or aid the prosecution and examination of this application.

Respectfully submitted,



Georgann S. Grunebach  
Registration No. 33,179  
Attorney for Applicants

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The DIRECTV Group, Inc.  
CA/LA1/A109  
P.O. Box 956  
2230 E. Imperial Highway  
El Segundo, CA 90245-0956  
Phone: (310) 964-4615